

Polk City



Financial Statements & Auditor's Reports For the year ended September 30, 2021

Prepared by:



Summary of Audit Results

Report on the Financial Statements (page 1-3)

- Unmodified (“Clean”) Audit Opinion.
- No Material Errors.
- The financial statements are a fair representation of what happened.
- Change in Accounting Principles – GASBS 84 – *Fiduciary Activities*
- Correction of Error – Fountain Park Ph II infrastructure

Report on State Grant Compliance and Internal Control over Compliance (pages 60 - 63)

- The City was in compliance with the State requirements as they relate to the grant/loan project assistance for the sewer system expansion (grant forgiveness).
- No deficiencies in the City’s internal control *over compliance* to report.

Report on Internal Control & Compliance (pages 64-65)

- One internal control deficiency reported (material weakness).
- No noncompliance reported.

Compliance Report with Section 218.415, Florida Statutes (page 66)

- No instances of noncompliance with Section 218.415, Florida Statutes – Local Government Investment Policies.

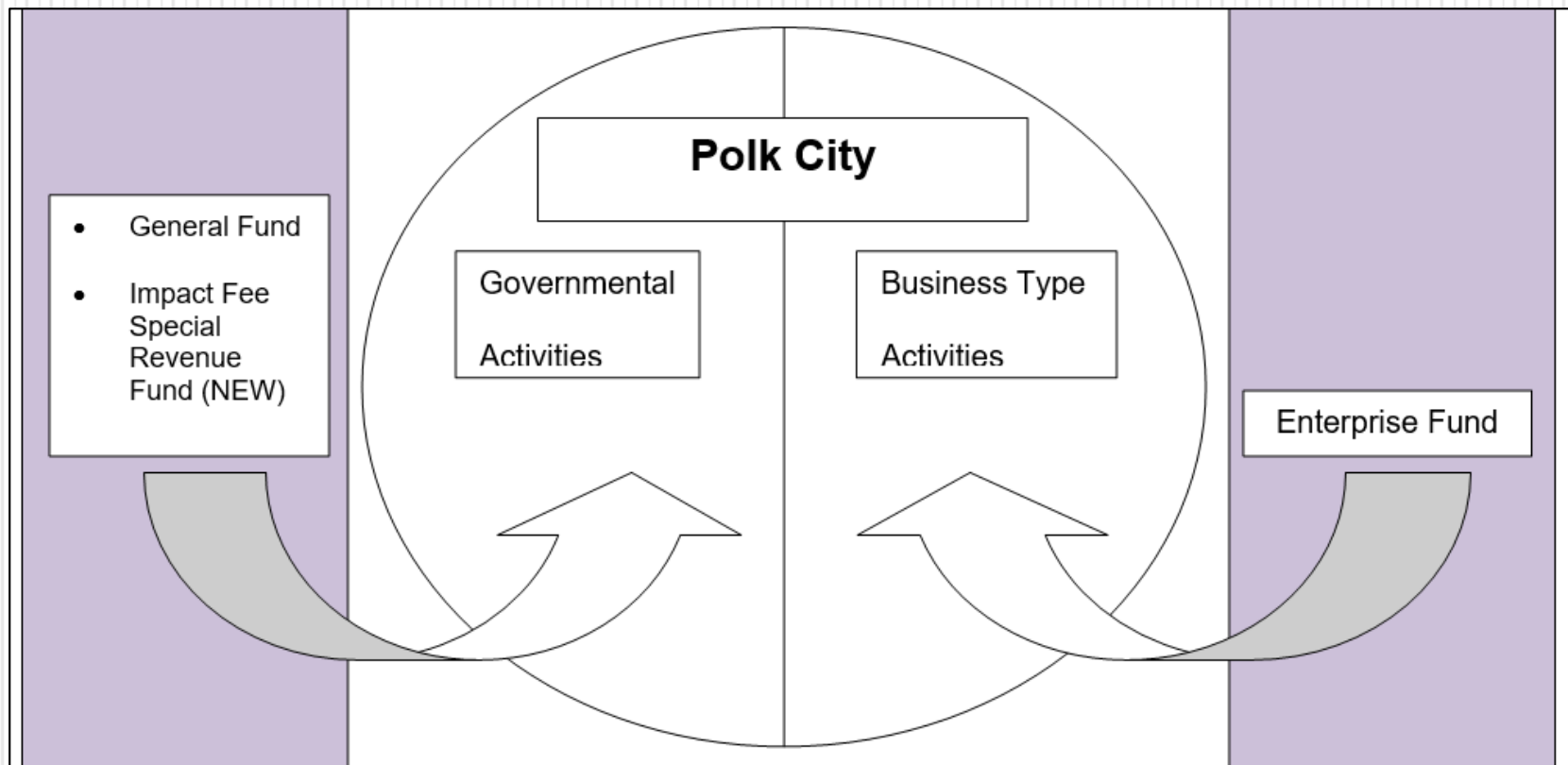
Management Letter (pages 67-68)

- No new findings or recommendations
- Prior year finding corrected (impact fee accounting).

Letter to the Members of the City Commission (separate letter)

- No disagreements with management.
- No difficulties encountered while performing our audit.
- Audit adjustments.

Fund Level Financial Statements



POLK CITY, FLORIDA
 BALANCE SHEET - GOVERNMENTAL FUNDS
 AS OF SEPTEMBER 30, 2021

Governmental
 Funds

Balance
 Sheet

Page
 14

	General Fund	Special Revenue Fund - Impact Fee	Total
ASSETS			
Cash and cash equivalents	\$ 3,130,162	1,209,979	\$ 4,340,141
Receivables, net:			
Customer accounts, net	30,511	-	30,511
Intergovernmental	48,415	-	48,415
Franchise and public service taxes	43,882	-	43,882
Restricted assets:			
Cash and cash equivalents	171,349	-	171,349
TOTAL ASSETS	\$ 3,424,319	1,209,979	\$ 4,634,298
LIABILITIES AND FUND BALANCE			
Accounts payable	57,292	-	57,292
Accrued payroll	24,295	-	24,295
Due to other governments	1,331	-	1,331
Customer deposits	3,385	-	3,385
TOTAL LIABILITIES	86,303	-	86,303
FUND BALANCE:			
Restricted for:			
Highways / streets	171,349	-	171,349
General government facilities	-	452,483	452,483
Law enforcement	-	215,279	215,279
Fire / rescue	-	135,876	135,876
Parks and recreation	-	406,341	406,341
Assigned to:			
Emergency reserve	162,925	-	162,925
Unassigned:	3,003,742	-	3,003,742
TOTAL FUND BALANCE	3,338,016	1,209,979	4,547,995
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,424,319	\$ 1,209,979	\$ 4,634,298

Unassigned and Assigned Fund Balance as a % of Total Expenditures

GOVERNMENTAL UNASSIGNED+ASSIGNED FUND BALANCE TO TOTAL EXPENDITURES

Warning Trend:

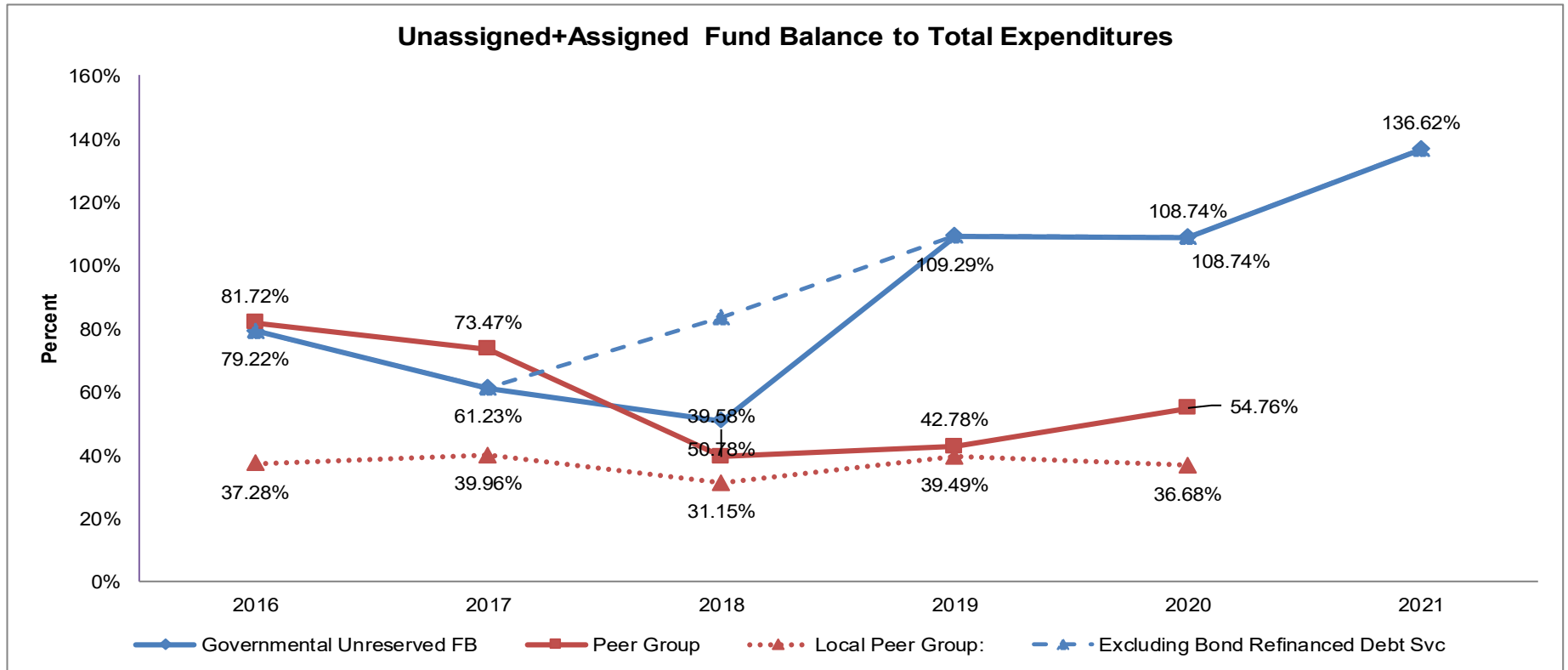
Decreasing Unassigned + Assigned Fund Balance as a Percent of Total Expenditures

Formulation:

$$\frac{\text{Governmental Unassigned+Assigned Fund Balance}}{\text{Total Expenditures}}$$

Description:

Unreserved equity reflect changes in reserves expendable for future periods. Increasing unreserved equity can indicate that the entity is saving prior period surpluses for future expenditures. In addition, if decreases are occurring which cannot be explained, spending or the use of unreserved surpluses may indicate declining productivity - spending more to deliver the same level of service.



Peer Group:

Unassigned+Assigned FB to Expenditures 54.76%

Current Year Actual:

Unassigned+Assigned FB to Expenditures 136.62%

Local Peer Group:

36.68%

POLK CITY, FLORIDA
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 AS OF SEPTEMBER 30, 2021

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,343,826
Customer accounts receivable, net	236,774
Prepaid expenses	31,707
Total current assets	<u>3,612,307</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	3,074,906
Capital assets, net:	
Non-depreciable	2,811,996
Depreciable, net	11,714,923
Total noncurrent assets	<u>17,601,825</u>
TOTAL ASSETS	<u>21,214,132</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	115,532
Deferred charge on bond refunding	687,501
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>803,033</u>
LIABILITIES	
Current liabilities:	
Accounts payable	40,726
Accrued payroll	12,433
Bonds and notes payable, current portion	425,167
Accrued interest payable	50,654
Unearned revenue	682,163
Total current liabilities	<u>1,211,143</u>
Noncurrent liabilities:	
Customer deposits	338,231
Compensated absences	12,531
Net pension liability	121,568
Bonds and notes payable, noncurrent portion	10,404,682
Total noncurrent liabilities	<u>10,877,012</u>
TOTAL LIABILITIES	<u>12,088,155</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	151,793
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>151,793</u>
NET POSITION	
Net investment in capital assets	4,416,278
Restricted for:	
Water system improvements	503,084
Waste water system improvements	1,932,675
Debt service	250,261
Unrestricted	2,674,919
TOTAL NET POSITON	<u>\$ 9,777,217</u>

Unrestricted Net Position as % of Revenue

NET POSITION

Warning Trend:

Decreasing Unrestricted Net Position as a Percent of Operating Revenues

Formulation:

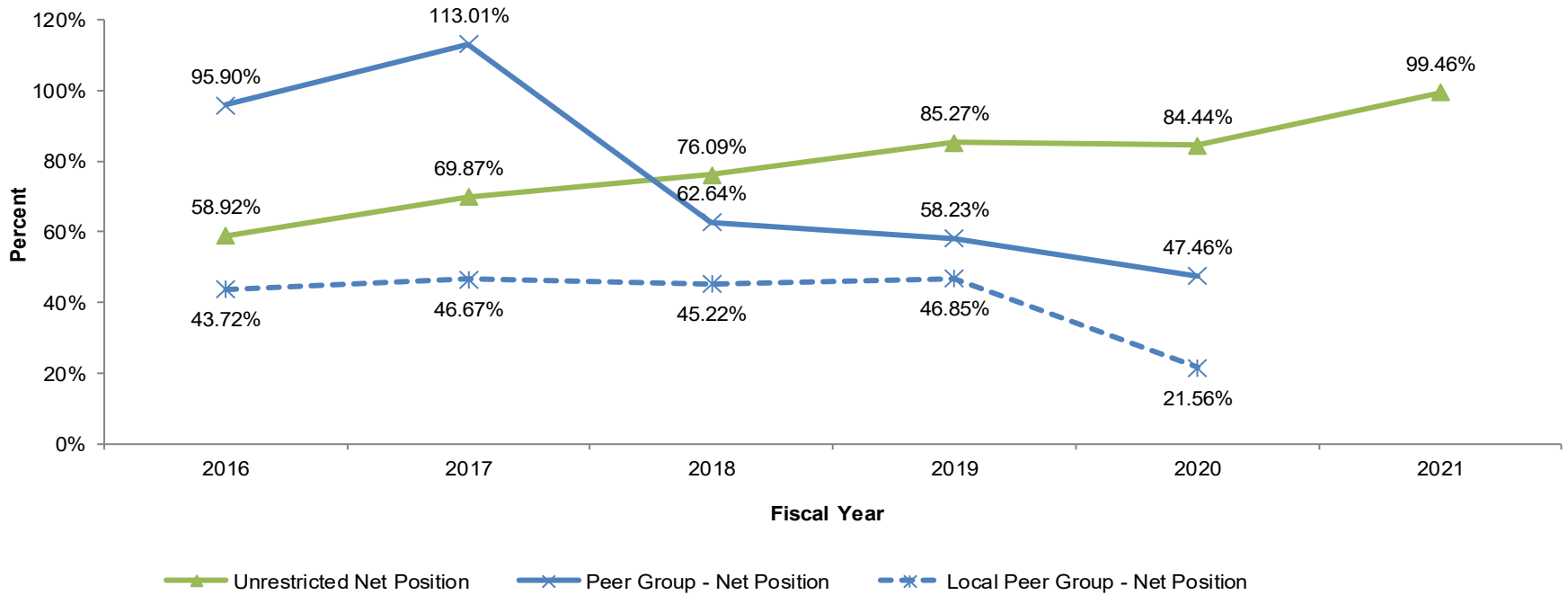
Unrestricted Net Position

Operating Revenue

Description:

Most communities maintain some type of reserves in order to meet unforeseen contingencies. There exist no set rules for determining at what levels these reserves should be maintained. Much depends on such factors as the kind of natural disasters or hardships the City is subject to, the flexibility of the City's revenue base, national economic conditions, and the City's overall financial health.

Net Position as a Percent of Operating Revenues



Peer Group:

Unrestricted Net Position 47.46%

Unrestricted Net Position

99.46%

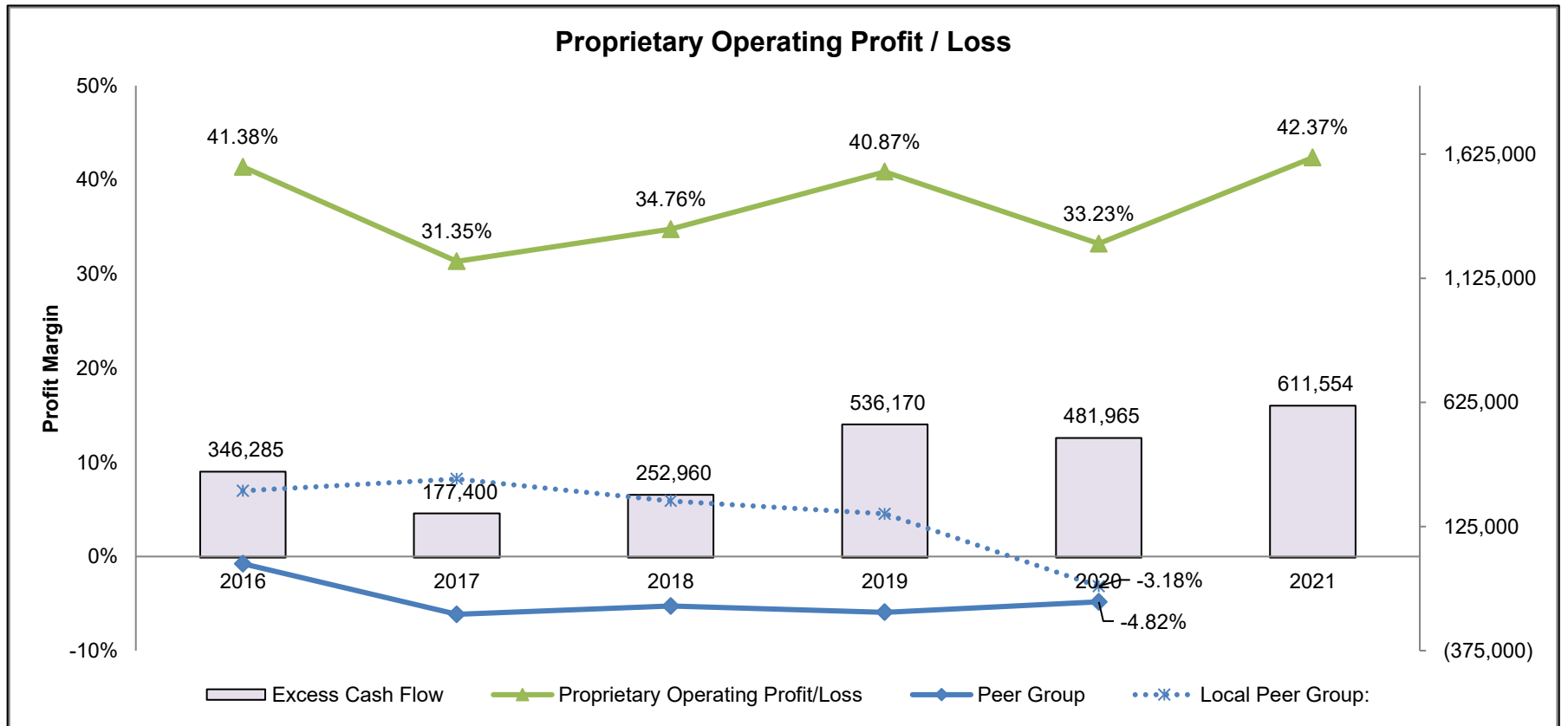
Local Peer Group:

Unrestricted Net Position 21.56%

Polk City, FL
 Enterprise Fund – Revenues and Expenses
 Years ended September 30, 2020 and 2021

	2020	2021	Change	
Operating Revenue	\$ 2,581,208	\$ 2,689,448	108,240	4%
Operating Expenses	1,723,428	1,549,804	(173,624)	-10%
Operating Income	\$ 857,780	\$ 1,139,644	281,864	33%
Operating Profit Margin	33.23%	42.37%		

2021 data from page 19 of Polk City's Audited Financial Statements for the year ended September 30, 2021.



Polk County Peer Group consists of the Cities of Dundee, Frostproof and Davenport

Unrestricted Cash

UNRESTRICTED CASH & INVESTMENTS

Warning Trend:

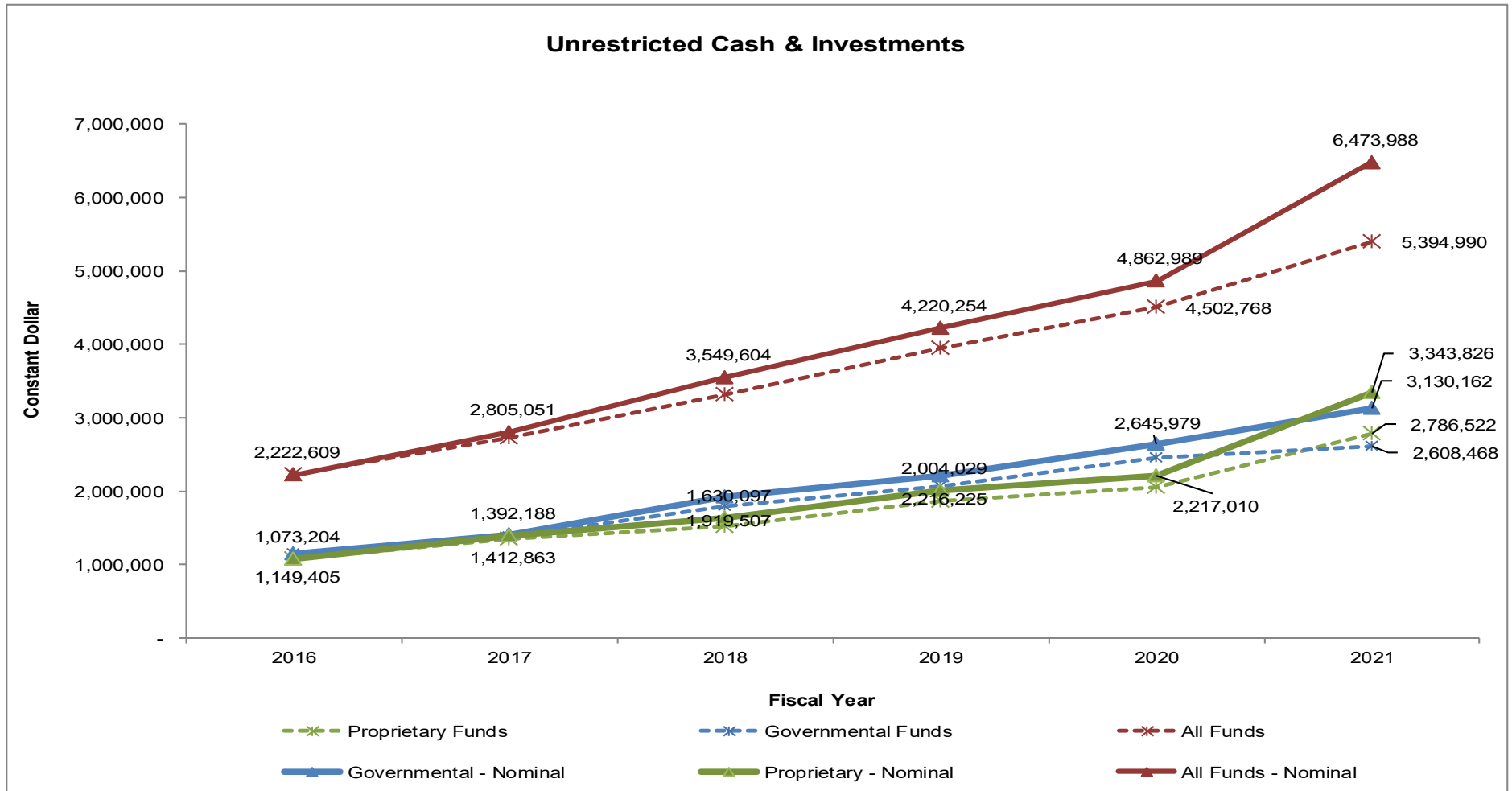
Decreasing Unrestricted Cash & Investments

Formulation:

Unrestricted Cash & Investments (constant dollar)

Description:

Unrestricted cash & investments is the amount of highly liquid funds that can be used for any purpose of the City. A decreasing trend in these highly liquid funds can indicate the inability of the City to meet operating needs and a deteriorating financial condition. A positive factor of increasing unrestricted cash & investments indicates the ability of the City to meet current needs and reserve funds for future purposes.



Peer Group

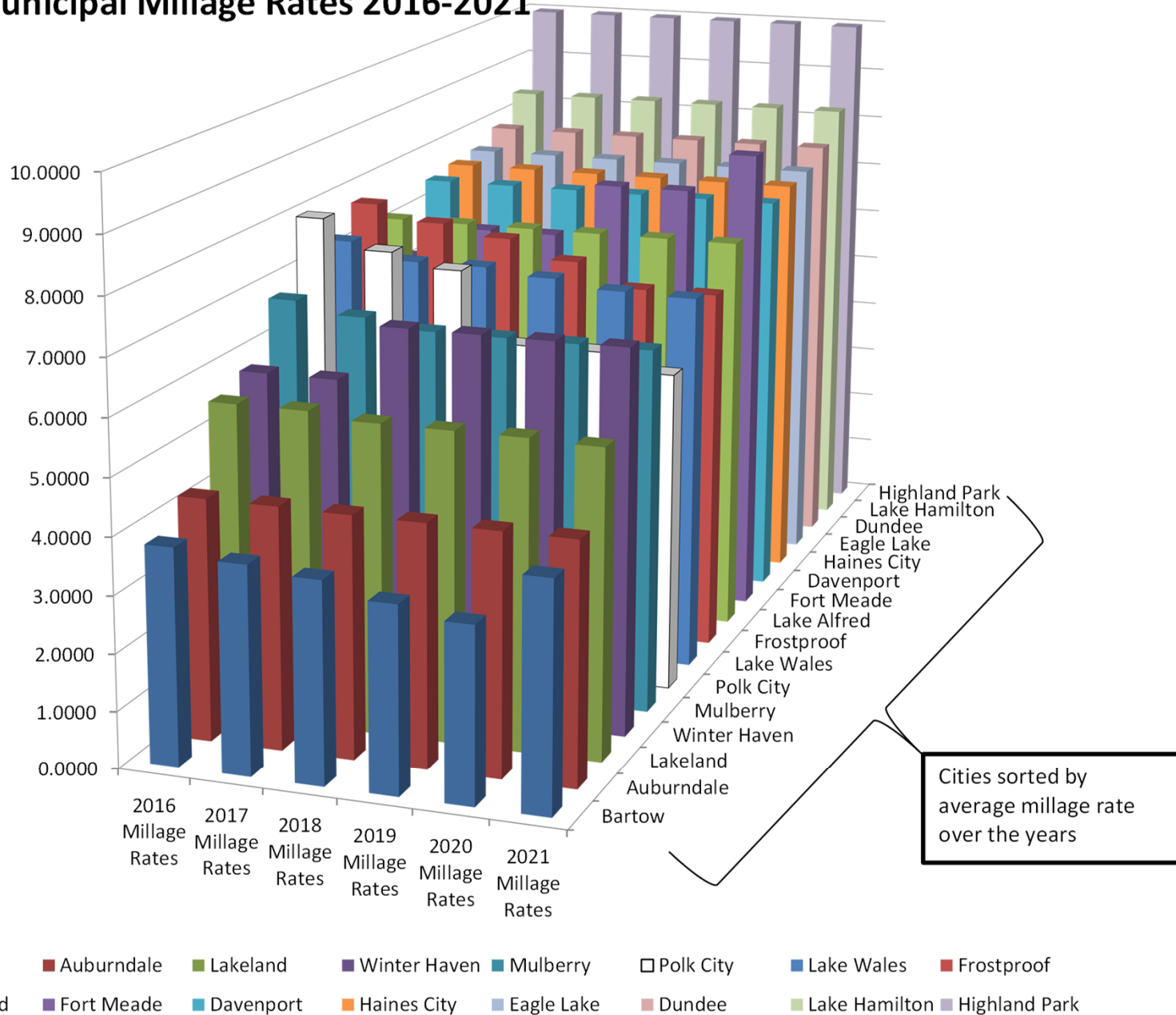
Unrestricted - Governmental	NA
Unrestricted - Proprietary	NA

Current Year Actual:

Unrestricted - Governmental	2,608,468
Unrestricted - Proprietary	2,786,522

Polk County Millage Rates 2016-2021

Polk County Municipal Millage Rates 2016-2021



Polk City, Florida



Questions or Comments?